Exhibit 11

https://www.wsj.com/articles/sonos-works-to-grow-malaysia-operation-despite-supply-chain-issues-11622214252

CFO JOURNAL

Sonos Works to Grow Malaysia Operation Despite Supply-Chain Issues

The speaker maker wants all of its U.S.-bound products to be from the Southeast Asian country by the fall

By Mark Maurer
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Audio product manufacturer Sonos Inc. is boosting its production capacity in Malaysia to reduce the amount of tariffs it pays. PHOTO: PAVLO GONCHAR/ZUMA PRESS

Speaker maker Sonos Inc. is working with suppliers to boost production capacity in Malaysia to lower its tariff costs, but the company's efforts have been hampered by coronavirus restrictions and a shortage of semiconductors.

Santa Barbara, Calif.-based Sonos, which sells voice-activated, internet-connected speakers and other audio electronics, plans to source all of its U.S.-bound products from Malaysia by the fall, Chief Financial Officer Brittany Bagley said. The U.S. is the company's core market, generating more than half of its revenue.

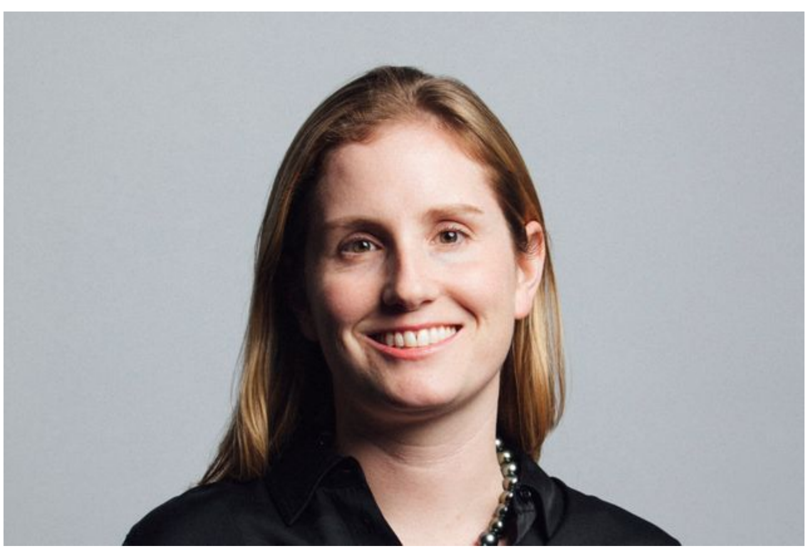
"It has taken longer than we thought it would, but we're still very much on track with our Malaysia strategy," said Ms. Bagley, who became the company's CFO in 2019.

That year, Sonos began relocating orders with Chinese suppliers to Malaysia in an effort to diversify its supply chain. Its tariff costs have since come down, but the company wants to reduce them further, as tariffs remain in place between the U.S. and China. Sonos declined to provide a percentage for its U.S.-bound products currently made in China.

The company said it would continue to source products for sale in Europe, the Middle East, Africa and the Asia-Pacific region from China, which made up about 42% of revenue during the quarter ended April 3. Sonos doesn't own or operate any plants.

Its plans to increase orders from Malaysia have been met with obstacles. Manufacturing plants in the country had to shut down temporarily because of pandemic-related restrictions and Sonos faced challenges in hiring workers. The company declined to say how many suppliers it has or how much it will cost to boost orders from manufacturing partners in Malaysia.

Adding to the challenge are strong demand for its products and a global shortage of semiconductors, which make it difficult for the company and many others to maintain inventory levels. Semiconductors are used in speech-recognition software for wireless speakers and other electronics. Sones declined to comment on where it sources semiconductors from.



Brittany Bagley is the chief financial officer at Sonos Inc. PHOTO: SONOS

The company earlier this month said revenue rose 90.2% to $332.9 million during the quarter ended April 3 compared with the prior-year period. Net income totaled $17.2 million, up from a net loss of $52.3 million a year before.

Lower tariff expenses, which are included in the cost of revenue, helped Sonos offset higher costs caused by rising expenses for shipping, logistics and semiconductors. Sonos's cost of revenue grew 63.8% to $167.2 million in the latest quarter, the company said.

The company also recorded $1.7 million in refunds from the U.S. for tariffs paid in prior periods because of a temporary exemption granted by the government last year. It expects to receive $27.5 million in refunds related to the exemption at an indefinite point in time.

"What we pay in tariffs has come down materially," Ms. Bagley said, referring to the shift to Malaysia and a reduced tariff rate for imports from China last year. The tariff rate fell to 7.5% in February 2020 from 15% previously as part of a trade agreement between the U.S. and China. Ms. Bagley declined to provide figures on how much Sonos pays in tariffs.

The Biden administration has pursued a tough approach toward China, sustaining the trade tariffs and other hard-line policies set by the Trump administration. Ms. Bagley said she is closely watching if the administration makes changes to U.S. trade policies to decide how to handle potentially higher tariffs.

The company should expand its supplier network to ensure it has adequate inventory, said Brent Thill, a senior analyst covering technology companies at Jefferies Group LLC, a financial-services firm.

"The only way they can combat this is to get better control of the supply chain," he said.

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